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ABSTRACT

Because many parents who are eligible for child care subsidies do not use them, many state and local leaders are trying to determine why families are not more eager to participate and how their agencies can become more accommodating. This policy brief, drawn from data obtained through the Growing Up in Poverty Project and interviews with county welfare and child care administrators and advocates, examines variations in the use of child care subsidies and provides examples of effective programs and policy strategies. The brief provides background information about the nature and importance of child care assistance under welfare reform. Next, the brief discusses possible reasons for low levels of parents' use of subsidies, including the equation of subsidy use with center care, parents' unwillingness to become entangled with the welfare bureaucracy, and lack of information on the program. Finally, the brief presents an array of novel strategies devised by local agencies to increase subsidy utilization: (1) creation of a state child care guarantee; (2) expansion of local child care organizations; (3) creation of adequate payment rates and affordable parent fees; (4) frequent review of family caseloads; (5) co-location of child care staff at welfare offices; (6) effective child care orientations; (7) cross training of welfare and child care staff; and (8) parent outreach and engagement. (KB)

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POLICY BRIEF

How to Pay for Child Care? Local Innovations Help Working Families

By Judith Carroll
Yale University

From the Growing Up in Poverty Project, a collaborative effort of Berkeley, Yale, and Teachers College, Columbia University.

Child care—from high-quality preschools to paid babysitters—commonly costs from $5,000 to $7,000 a year. Many families can't afford to pay this much, especially parents who are struggling to get off welfare or hold down low-wage jobs.

Financial supports for child care, aiming to help low-income families, have grown dramatically over the past decade. Yet in many communities, less than one-fourth of all eligible families sign up for these subsidies. In some states, new child-care funds are going unspent. State and local leaders are trying to determine why families are not more eager to participate, and how their agencies can become more accommodating.

The policies determining which families receive subsidies vary tremendously throughout the country. This threatens to preserve disparities in access. The good news is that this dissimilarity is producing a number of innovative ways to help parents take advantage of child care.

The intent of the *What Works* series is to examine these variations and provide decision-makers with concrete examples of effective programs and policy strategies. This brief is drawn from data obtained through the *Growing Up in Poverty Project* (GUP), a research effort that recently found highly variable rates of eligible parents using child-care subsidies across five study sites in California, Connecticut, and Florida. This research revealed uneven participation in center-based and child-care voucher programs (Figure 1).

To investigate why these rates were so variable—and to gather ideas for how to increase participation—we spoke with county welfare and child-care administrators, advocates and

About the Early Education Series
The second in a series of briefs that inform policy makers and practitioners about child-care and early education practices that work.

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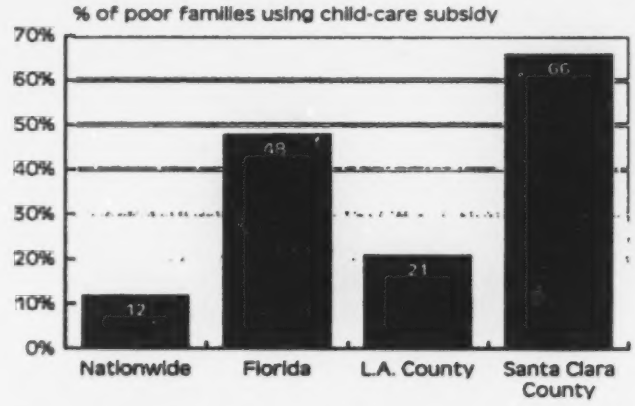
FIGURE 1 Share of poor families using their child-care subsidy... And widely varying definitions of utilization



Definitions of utilization rates vary widely. Nationwide percentage is for all eligible welfare-poor and working-poor families, according to the federal eligibility standard. L.A. estimate is for current welfare parents involved in work activities. Santa Clara County, California estimate is for a sample of welfare parents who have selected a child-care provider.

child-care directors. Under highly decentralized family welfare programs, much of the action is local.

First, we provide background information about the nature and importance of child-care assistance under welfare reform. Second, we discuss possible reasons for low levels of parents' use of subsidies. And finally, we present the reader with an array of novel strategies devised by local agencies to increase subsidy utilization.

Child-Care Aid for Working Poor Families

As the ultimate goal of welfare reform, achieving economic self-sufficiency is not an easy task for parents receiving TANF benefits.[1] There are many reasons why self-sufficiency presents a challenge, one of which is the cost and availability of child care. Subsidies were originally designed in the 1940s to help specific parents pay for the cost of child care. Indeed, subsidies can be effective: parents are less likely to work and more likely to rely on welfare benefits when they cannot gain access to their state's child-care subsidy program.[2] Along with maintaining a parent's ability to work, subsidies play an important role in ensuring the well-being and healthy development of the children. Without a public child-care subsidy, the likelihood that a low-income working mother can afford quality care is slim. Frequently what low-income mothers can afford may be care of questionable quality.[3] So, a child-care subsidy has the potential, through its purchasing power, to place high quality care within reach of a low-income family, advancing the child's emotional and cognitive development.[4]

Public money earmarked for child-care subsidies takes two forms. The first, called either a grant or contract, is awarded to local child-care organizations based on the number of children served. Financial support provided through this mechanism ensures that the doors of early education programs always remain open despite the changing financial circumstances of the families whose children are enrolled. Vouchers, the second type of subsidy, are given directly to parents or providers for individual children. Vouchers allow parents to choose the type of care that best suits their needs and those of their children. These two types of assistance can serve complementary aims, giving parents financial options and local child-care organizations a measure of stability.

Parents' Low Use of Subsidies

Passage of federal welfare reforms in 1996 required state social service administrators to make programmatic changes quickly, focusing initial attention on reducing case loads and assisting clients in becoming ready for employment. As time goes by, however, and public scrutiny has shifted to the reasons for job turnover, states are finding that many eligible parents

are not taking advantage of the child-care subsidies available to them. Policymakers and analysts speculate about why this is so.

Research data suggest that mothers often equate subsidy use with center care. If centers are not valued by a mother or if she feels her child is too young for a group situation, she may not feel inclined to apply for child-care assistance, not realizing that a subsidy in most states may now be used for care provided by a family child-care home or a kith or kin member.[5]

Low levels of participation also might be due to parents' unwillingness to become entangled with the welfare bureaucracy, their erroneous belief that the new time limits apply to child-care subsidies, the fear felt by some informal providers of losing Social Security Income (SSI) or their own welfare benefits, or the fact that a child may already be enrolled in a Head Start or subsidized center-based program.

Finally, the lack of information about the subsidy program may act as a barrier to participation for some parents. Limited information may be due, in part, to administrators' fear of their inability to serve all who might come forward for assistance, despite the fact that many states are returning unspent child-care funds to the state or federal government.

In short, child-care subsidies are important facilitators of low-income parents' ability to be gainfully employed. Paradoxically, though this aid is more widely available to families, it is not being used fully.

Models to Improve Subsidy Use

To determine what policies and programs can improve the probability that parents will take advantage of child-care funding, *Growing Up in Poverty* staff conducted a series of interviews with a number of key stakeholders in San Jose and San Francisco, California and Tampa, Florida. Administrators in these cities are working hard to increase their subsidy take-up rates. Representatives from county and city government, center directors, and resource and referral agencies spoke of their program successes and concerns, revealing that they are united in their desire to help families and children thrive. As one participant stated: "It's all about options. Many of the families we deal with don't have many. It's my job to work to improve the few options that they have."[6]

While many models of subsidy innovation exist across the country, the following examples illustrate what some large urban communities are doing to help their families balance child care and work obligations. The programs discussed below are either currently administered or being implemented by state or local managers of the subsidy programs in the GUP study sites.

Strategy 1: Creating a state child-care guarantee

One step toward increasing parent participation in a state or county subsidy program is the establishment of full support for the child-care costs of TANF parents. Called a child-care guarantee, this fiscal policy opens subsidy eligibility to all working parents receiving assistance and ensures access to those who apply. The child-care guarantee consists of two parts. First, states establish the criteria that determine family eligibility. Second, they must appropriate a pool of money adequate to meet the needs of all families that qualify. Sometimes this entitlement extends to working-poor families.

This state policy is the devolved equivalent of the federal guarantee to states established under the Family Support Act of 1988, eliminated with the passage of welfare reform legislation. The federal guarantee required states to provide child-care assistance to any AFDC parent who chose to work in return for partial reimbursement of that state's child-care spending. The elimination of the guarantee, the subsequent cap on federal child-care dollars, and the growing need for child care by TANF mothers means that decisions pertaining to child-care financing now depend on state-level priorities. The current dilemma of unspent Child Care and Development Fund (CCDF) dollars in part is due to the fact that states have

been unable to effectively distribute money to all eligible families. In addition, state policymakers have been unwilling to make the fiscal commitment to more fully support the child-care needs of parents moving into the workforce.

Other state leaders well understand the link between employment and child-care assistance, and several states have been willing to take on more fiscal responsibility for low-income parents who are now expected to work. For example, California's governor and legislature have established a state child-care guarantee for parents on CalWORKs who are employed, or those whose benefits have ended yet they still earn less than 75% of the state median income (equaling about 250% of the federal poverty level).[7]

A limited number of other states have created a guarantee that extends to parents earning 200% of poverty, some of whom are employed and have never received assistance, a provision allowed under federal welfare regulations. This policy depends on the availability of state and federal money and periodic review by the state legislature.

Such fiscal guarantees also allow for the creation of innovative programs to encourage parent application. Santa Clara and San Francisco county officials have come to realize that parents who have left the CalWORKs child-care subsidy program may not be aware of their continued eligibility for child-care assistance. Indeed, the guarantee has allowed administrators to seek out these parents who otherwise might have been left to their own devices in making child-care ends meet.

Short of a child-care guarantee, states can implement policies such as those found in Florida, where efforts are made to serve as many low-income families as possible. Employers are drawn into the state's funding efforts through a "child-care purchasing pool," whereby company funds spent to assist employees with their child-care costs are matched by the state.

Strategy 2: Expanding local child-care organizations

Boosting parental access to contracted child-care centers is an important provision that states should consider when attempting to improve parental use of subsidies. First, many TANF parents who are eligible for a child-care voucher confront few options, feeling that they can only purchase care from the informal, unregulated network of providers or from a family member. Given this dilemma, increasing the number of contracted centers in high need neighborhoods would be one means of providing support to parents while building organizational capacity.

Second, notwithstanding the importance of parental choice and the significant role relatives may play in supporting parents and children, the use of public money to finance care provided by individuals not subject to licensing standards raises questions for some policymakers over issues of quality and public accountability. Expanding the number of contracted centers through grants to local schools and community agencies helps to address these concerns.

To be effective, grants to licensed centers can be used in conjunction with vouchers and affordable co-payments. Without building the capacity of this center-based sector, parents in low-income neighborhoods who qualify for child-care subsidies and prefer centers will continue to have few real options.

Strategy 3: Creating adequate payment rates and affordable parent fees

While it is important that fiscal measures are taken to ensure that adequate numbers of parents can be accommodated by a state's subsidy system, it is also important that reimbursements made to providers cover the cost of quality care. When payments do not match actual costs, center directors and other providers must cut the number of subsidized children that they serve, shave the quality of care, or simply shut down.

For children on CalWORKs who are enrolled in licensed care, San Francisco and Santa Clara counties pay the provider up to the regional

market rate, defined as the 93rd percentile of the rates charged by licensed providers in the community. Parents who choose a provider that charges above this amount must pay the difference.

When parents are expected to shoulder a portion of the price through a co-payment, that amount should not be overly burdensome. In fact, some national experts encourage states to eliminate co-payments for employed parents earning less than 200% of the federal poverty level and to maintain co-payments at or below 10% of family earnings. In California, parents pay nothing for child care while they are enrolled in CalWORKs, then begin to pay a fee when their earned income reaches 50% of the state median.[8]

Strategy 4: Frequent review of family caseloads

Some states and counties distinguish between subsidy programs according to the employment status of parents. Those receiving cash assistance and going to work often are given priority. In fact, in many states with restricted funding for non-welfare families, TANF parents may be the only ones able to receive child-care assistance. Their counterparts who are employed but not receiving welfare benefits typically are required to put their names on waiting lists.

To keep the distribution of subsidy money fluid, local managers in California frequently review their eligibility or waiting lists for CalWORKs families. This practice provides the opportunity to identify former clients who inadvertently have dropped out of the subsidy program. This monthly process also minimizes competition for different kinds of subsidies. Santa Clara and San Francisco county administrators are successfully identifying many CalWORKs parents who are eligible to receive child-care subsidies.

Strategy 5: Co-location of child-care staff at welfare offices

A service delivery concept that is gaining popularity is that of "one-stop shopping" which means that many services exist at a single location; easy access is intended to support parents' full participation. Situating local resource and referral (R&R) agency staff, whose primary job is to inform parents of child-care availability, in welfare offices is one example of co-location. It provides parents with the physical and programmatic support needed to navigate through an often confusing and complicated system.

Co-location at the "one-stop" centers established in Hillsborough County (Tampa), Florida, has provided a social service staff person to personally visit each site ensuring that TANF mothers are receiving the services for which

BOX 1

States vary widely in which families are eligible for child-care aid...

Families are eligible for subsidies if income is under:

	As multiple of poverty line	As percent of state median income
Alabama	1.3	49%
California	2.2	75%
Florida	1.5	85%
Michigan	2.0	52%
New York	2.0	65%
Wisconsin	1.7	53%

...and how much parents must contribute in co-payments.

For a single mother with two children earning $12,000 per year, each month for full-time child care she must pay:

California	$0 monthly
Connecticut	$5 monthly,
Florida	$48 monthly

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they are eligible. This policy helps to explain the high use of child-care subsidies revealed by the GUP study. Likewise, the interconnection between welfare reform and child-care information is believed to be so important that the California state legislature has mandated co-location of R&R child-care counselors at all of its county welfare offices. Upon entering the CalWORKs program, parents participate in an orientation session at which R&R staff often provide parents with an overview of the child-care program, counsel them on options, and link families to other needed services.

After participating in the orientation session, parents can contact the R&R staff for help in finding child care as long as they participate in good stead in the CalWORKs program. Both face-to-face and phone interviews are encouraged. During a focus group discussion conducted to determine mothers' responses to subsidy policies, one California mother talked about how helpful it was to have access to someone from an R&R. "It gives you a jump start," she said. "And they tell you what to look for, what questions to ask at those certain facilities when you're searching for them."

The co-location model can most effectively assist parents when R&R staff conduct in-person interviews with all TANF parents, not only those who expressly voice a need for child care. All parents attending the welfare orientation sessions should be given information on the benefits of quality child care; assistance in completing the subsidy application; advice on licensed child care; and when preferring kith or kin care, given information on how vouchers can reimburse their individual caregiver. In many states, all providers who receive a subsidy, except immediate relatives, must submit to a criminal background check.

Strategy 6: Effective child-care orientations

Welfare orientation sessions are often overwhelming situations for parents facing a panoply of rules and strict work requirements. Even the savviest parent can feel overloaded by the amount of information given to them. Adding details about child care to the long list of other topics can cause a parent to become overwhelmed and uncertain of what they've heard. Because the intent of these sessions is to help parents think about their life in new ways, the method of presentation is as important as the content of the message.

To ensure that the child-care subsidy message is portrayed accurately and consistently, and to accommodate different literacy levels, the San Francisco Department of Human Services (DHS) is in the process of developing an instructional video that will be used during the child-care portion of

BOX 2

What is San Francisco doing to boost child-care subsidy use?

- Linking employment support and child-care caseworkers, and streamlining the referral process.
- Mounting public information campaigns and videos of current clients discussing child-care options and subsidies.
- Conducting periodic outreach and follow-up with parents who are not drawing child-care subsidies.
- Working closely with centers and licensed family child-care providers to ensure that eligible parents are drawing child-care aid.
- Developing quick response services for emergency child-care.
- Developing an inclusion project to support parents with special needs children.

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their CalWORKs orientations. Mothers currently on assistance or those who successfully have moved into the workforce will speak on camera, explaining child-care options, how the subsidy program works, the steps parents have to take to apply, and the importance of financial assistance in keeping a job and supporting a family. The video will augment rather than replace the R&R staff person's presence at the orientation session and will be produced in English, Spanish, and Chinese.

Strategy 7: Cross training of welfare and child-care staff

Parents can be supported most effectively in their pursuit of employment and child-care services if everyone involved in the case management process understands parental needs, program requirements, and service availability. This translates into having case managers and employment technicians who are well versed in the subsidy program and child-care staff who are familiar with the work requirements that parents must meet.

The cross-training model allows welfare and resource and referral staff to maintain an effective understanding of child care and welfare policies and programs. Along with updates on program changes, the staff of each unit attend information sessions together. At such sessions, which occur regularly rather than as one-time events, child-care providers and advocates speak to staff about the role of quality child care in supporting the healthy development of children. Parents on assistance also can be involved in these sessions, talking about the confusion they might feel in sorting out various child-care options, the role of subsidies in furthering their employment goals, and the fears they have in placing their children in care, whether the provider is a relative or a center teacher.

New research findings can enrich training efforts by identifying parents who are less likely to push for child-care assistance. For example, the GUP study has pinpointed several client attributes that help to predict which mothers may need more focused counseling about the availability of child-care subsidies. See Box 3.

BOX 3

Which parents are less likely to draw child-care aid?

- Parents from immigrant communities, including Latina and Vietnamese mothers, who may not speak English fluently.
- Parents with children under 3 years old who believe that subsidies are fused to center-based programs, unaware of the options available with child-care vouchers.
- Parents with stronger support networks who often find a kin member to provide child care, losing out on voucher support.
- Parents with no prior experience with welfare or center-based child care, those with the least knowledge of subsidy options.
- Parents who live in lower middle-income neighborhoods with a scarcity of centers and family child-care homes.

Strategy 8: Parent outreach and engagement

As parent participation in many support services, such as Medicaid, food stamps, and child care seems to be stagnating, program administrators are searching for the reasons why. Qualitative and quantitative research suggests that mothers are assuming that the TANF time limit also applies to these family support programs which are not time-limited. As a result, a significant movement has developed to engage parents and increase their participation in community-based programs.

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Understanding the integral role outreach efforts play in engaging parents personally, the San Francisco DHS and the Children's Council, San Francisco's largest R&R, are working with Parent Voices, an advocacy organization dedicated to providing a vehicle for parent engagement in the political process. DHS is aware of how ineffective the outreach message might be with some clients if it were to come directly from their agency. As a result, an outreach worker, herself a former CalWORKs recipient, is coordinating the initiative, finding and working with parents to encourage participation. Going out into communities where parents live and work, knocking on doors, and talking to members of different religious communities the effort in many neighborhoods is proving to be quite successful. To date, well over 500 former CalWORKs families have been re-enrolled in the child-care subsidy program through Parent Voices and the Children's Council.[9]

In addition, the Children's Council is working with a multi-media company to produce public information materials to support the work of Parent Voices. Posters, billboards, and brochures will be made available, sending the simple message that if a parent has ever been enrolled in TANF, they may be eligible for child-care assistance.

Conclusion

Ultimately, a combination of approaches should be taken to increase a state or county's child-care subsidy take-up rate, as no one method will be adequate. Prior to implementing these policies, local policy-makers might conduct a community-based needs assessment to understand current usage patterns, barriers to take-up, and the many factors that influence parents' options.

If the utilization of current subsidy dollars can be raised and a wider range of working-poor families can be served, millions of additional parents would become more employable. Stronger revenue streams would help boost the sustainability and enrollment capacity of centers and family-child-care homes, and fuel much needed gains in program quality. In the absence of these advances, we should not be surprised when low-income mothers fail to hold down a job or when millions of children begin kindergarten already behind.

Thanks

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Endnotes

[1] TANF, which stands for Temporary Assistance to Needy Families, replaced the Aid to Families with Dependent Children program under the 1996 federal welfare reform act.

[2] U.S. Department of Health and Human Services, Administration for Children and Families (1999). Access to Child Care for Low-Income Working Families. Available at http://www.acf.dhhs.gov/news/press/1999/ccreport.htm

[3] Growing Up in Poverty Project (2000). *Remember the Children: Mothers Balance Work and Child Care under Welfare Reform.* Berkeley, CA: University of California, Berkeley and Yale University.

[4] Schweinhart, L.J.; Barnes, H.V.; & Weikart, D.P. (1993). *Significant Benefits: The Perry Preschool Study Through Age 27.* Ypsilanti, Michigan: High/Scope Press.

[5] Growing Up in Poverty Project (2000).

[6] Personal discussion with Michele Rutherford, Child Care Coordinator, San Francisco Department of Human Services, June 8, 2000.

[7] CalWORKs, which stands for California Work Opportunity and Responsibility to Kids, is the state's welfare program.

[8] California subsidy regulations also require that providers cannot charge subsidized parents more than that which they charge fee-paying families.

[9] Written communication with Linnea Klee, Executive Director, Children's Council of San Francisco, October 10, 2000.

For additional information

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